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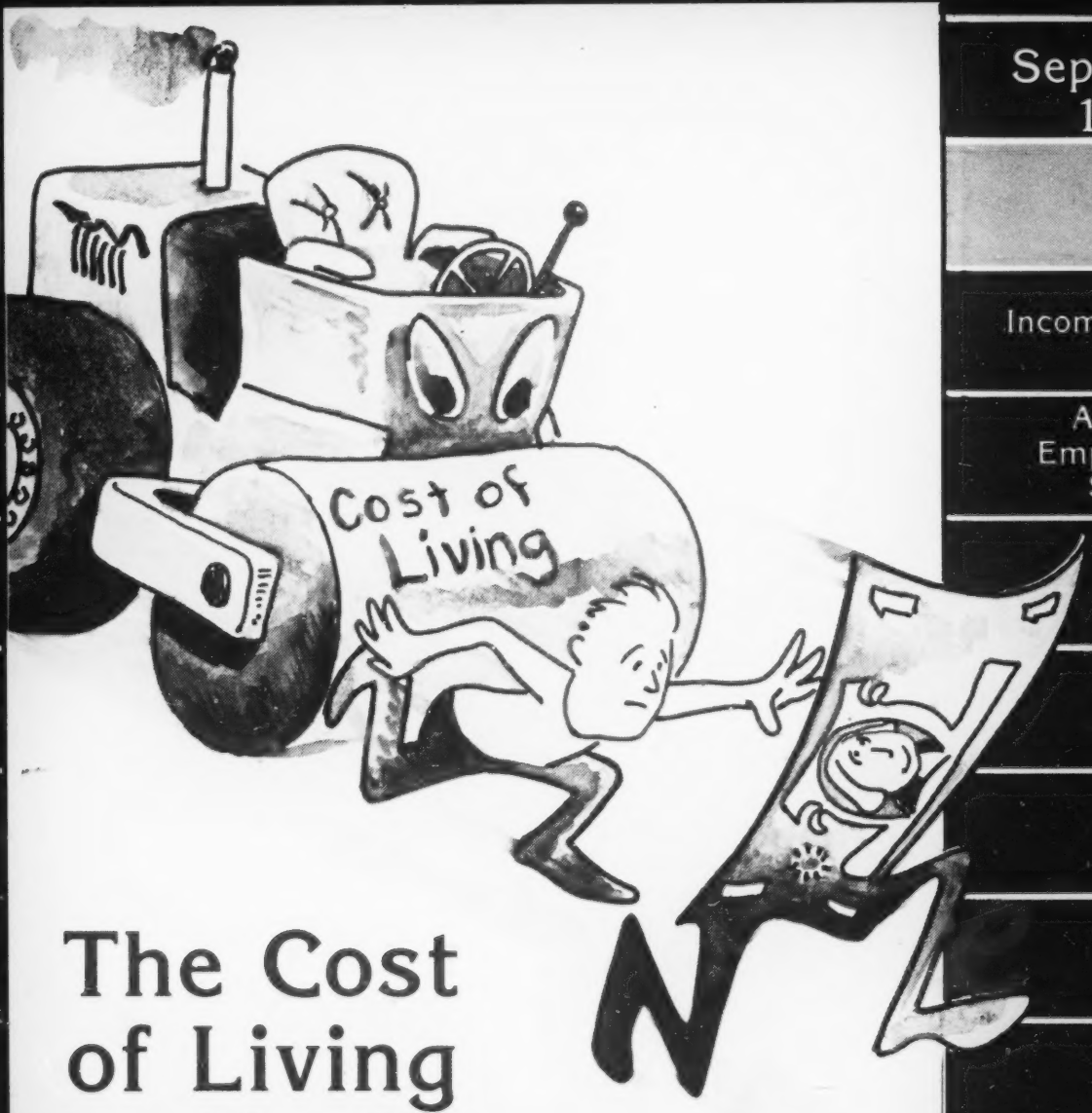
ALASKA ECONOMIC

TRENDS

September
1987

Income Measures

Alaska's Employment Scene



The Cost of Living in Alaska

Alaska Economic Trends

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September 1987
Volume 7
Issue 9

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Contents

1 The Cost of Living in Alaska

9 Income Measures

20 Alaska's Employment Scene
- 21-24 Nonagricultural Wage and Salary Employment
- 25 Hours and Earnings for Selected Industries
- 25 Labor Force by Region and Census Area

Alaska Economic Trends is a monthly publication dealing with economic information analysis and issues of Alaska. Opinions expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

We welcome contributions on current economic issues from our readers. For a copy of our editorial policy contact Dr. Edward W. Eboch, Editor, Alaska Economic Trends, Alaska Department of Labor, P.O. Box 25501, Juneau, Alaska 99802-5501.

The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date: March 1986.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

The Cost of Living in Alaska

By John Boucher

Introduction

Alaska has a reputation of being a place where living costs are very high. Alaska's size, climate, and distance from markets explains much of the difference in living costs between Alaska and the rest of the continental U.S. Geography and market size are also reasons for different costs of living between communities within Alaska.

Alaska's land area is 566,432 square miles or nearly one-fifth the combined land area of the other forty-nine states. Spread out over this huge area is the third smallest population in the U.S., 539,600 in 1985, or less than one person per square mile. In addition to a widely dispersed population, Alaska's largest market and distribution center, Anchorage, is more than 2,400 road miles away from Seattle. Consequently, providing goods and services to communities around the state presents difficult operational problems, complicated by a lack of roads and uncertain weather.

Alaska's size, climate, and distance from markets explains much of the difference in living costs between Alaska and the rest of the continental U.S.

Alaska's harsh weather conditions not only complicate the distribution of goods and services it also makes infrastructure more expensive to build and maintain. Roads, buildings and water and sewer lines must be built to withstand the rigors of a climate that can fluctuate from 95 degrees in the summer to -70 degrees in the winter.

These two factors and the costs involved in overcoming them restricts the availability of goods and services in many Alaska communities. As a consequence, Alaska's smaller isolated towns may not have the price variations available in larger cities. Smaller communities in Alaska, especially those located some distance from a population center, have their own problems. Items that have to be brought into these areas such as food, fuel oil, and other supplies or local purchases may be exorbitantly expensive. However, one consideration is that in rural areas of Alaska a subsistence lifestyle contributes to supplementing income and bringing the overall cost of living down.

The businessman or individual can get a more comprehensive view of the Alaskan economy with respect to the cost of living or the cost of operating a business from the data presented in this article. Careful analysis is required before drawing conclusions about cost differences between Alaska and other locations. In addition, value judgments will be necessary in the decision making process. For example the lifestyle that Alaska offers may offset the potential increases in the cost of living. On the other hand, the isolation and harsh climate characteristic of some Alaskan communities is too much for some people to endure at any level of income.

Table 1
ACCRA Inter-City Cost of Living Index 1st Quarter 1987

City	All Items Index	Grocery Items	Housing	Utilities	Trans-portation	Health Care	Misc. Goods & Services
West							
ANCHORAGE, AK	136.4	134.5	148.9	99.0	123.3	190.7	135.0
FAIRBANKS, AK	137.6	126.9	143.2	108.8	120.8	224.4	136.9
JUNEAU, AK	143.5	131.3	148.6	130.2	148.2	221.4	131.2
Salt Lake City, UT	98.8	96.5	90.3	89.9	100.8	105.4	107.3
San Diego, CA	121.8	102.2	178.0	79.1	120.8	130.0	105.8
Seattle, WA	108.5	111.4	104.6	56.6	110.9	161.5	115.3
Southwest							
Albuquerque, NM	102.8	104.4	114.0	85.0	101.4	108.8	99.4
Dallas, TX	106.6	104.6	106.8	106.9	105.7	119.0	105.0
Phoenix, AZ	105.1	101.4	108.5	93.1	101.6	130.5	104.7
Midwest							
Saint Paul, MN	103.7	94.2	112.0	109.5	115.1	104.3	95.8
Omaha, NE	98.0	89.0	96.7	87.1	101.1	93.0	107.8
St. Louis, MO	100.1	99.4	99.7	105.1	95.7	107.3	99.2
Southeast							
Atlanta, GA	111.9	99.5	132.0	127.9	97.0	113.6	104.4
Birmingham, AL	99.7	99.7	94.9	105.5	102.7	104.6	98.5
Louisville, KY	96.1	95.5	91.9	98.6	99.0	101.5	96.1
Atlantic New Eng.							
Baltimore, MD	105.2	99.3	114.2	99.2	105.9	106.5	103.5
Boston, MA	152.2	116.4	271.3	126.1	111.5	154.2	112.0
New York, NY	137.2	111.1	183.8	182.6	114.0	144.8	109.6
Philadelphia, PA	118.7	112.3	122.0	157.7	101.5	134.4	109.5

Source: *Inter-City Cost of Living Index* (247 Cities) 1st Quarter 1987. American Chamber of Commerce Researchers Association.

Alaska's smaller isolated towns may not have the price variations available in larger cities.

Cost of Living Measures

There are several comparative cost of living measurements available, each with their strengths and weaknesses. Most cost of living measures presented here give a comparison of costs between communities at a point in time. The only measure of change in costs over time for Alaska is the Anchorage consumer price index, which is produced by the U.S. Department of Labor, Bureau of Labor Statistics.

Used together, the data presented here make it possible to estimate the difference in costs between communities in Alaska and or between communities in Alaska and the rest of the U.S.

ACCRA Inter-City Cost of Living Index

Each quarter, the American Chamber of Commerce Researchers Association (ACCRA) gathers price data for more than 240 cities throughout the U.S. and compiles them into the *Inter-City Cost of Living Index*. Fifty-nine items are priced at the local level by chamber of commerce personnel at specified times using standard methodology. The items priced are intended to represent the spending patterns of a mid-management executive household in the community. Once the price data is gathered it is converted to an index number.

The ACCRA index measures relative price differences for consumer goods and services between the participating cities. It compares the local community index to the national average of 100. The 59 items priced are limited so the ACCRA does not treat percentage differences between two index numbers as exact cost of living differentials. Differences of less than three index numbers (for example 107 versus 104) are considered insignificant and may not correctly show which city is more expensive. Differences of more than three index numbers are considered to represent a difference in the cost of living between two locations.

Table 2
ACCRA Inter-City Cost of Living Index 1st Quarter 1987

City	1 lb Ground Beef	½ gal Whole Milk	1 lb Coffee	House Purchase Price	Total Energy Costs	1 gal Gas	Hospital Room	Office Visit Doctor
West								
ANCHORAGE, AK	$1.24	$1.73	$4.49	$131,633	$118.09	$ .86	$354.50	$41.67
FAIRBANKS, AK	1.35	1.79	4.05	126,725	127.98	.99	305.00	43.10
JUNEAU, AK	1.57	1.69	3.64	133,500	146.91	1.27	350.00	38.33
Salt Lake City, UT	1.14	1.02	3.64	80,969	98.18	.80	239.00	22.60
San Diego, CA	1.21	1.01	3.16	147,500	92.09	.84	283.20	32.80
Seattle, WA	1.36	1.17	3.96	92,341	59.15	.76	259.75	38.40
Southwest								
Albuquerque, NM	1.01	1.15	3.71	103,923	96.27	.75	232.60	24.86
Dallas, TX	1.35	1.30	3.11	94,391	126.04	.78	206.30	32.60
Phoenix, AZ	1.41	.95	3.45	94,583	107.07	.76	251.00	32.40
Midwest								
Saint Paul, MN	1.19	1.06	3.49	96,400	124.93	.84	269.00	22.80
Omaha, NE	1.01	1.04	4.11	80,900	95.61	.85	183.00	21.00
St. Louis, MO	1.24	1.11	3.82	85,510	124.86	.80	201.80	31.80
Southeast								
Atlanta, GA	1.22	1.40	3.55	119,000	148.95	.74	194.75	30.00
Birmingham, AL	1.32	1.23	3.12	86,400	115.89	.81	211.20	29.40
Louisville, KY	1.03	1.35	3.51	81,300	110.79	.85	226.50	28.00
Atlantic/New Eng.								
Baltimore, MD	1.33	1.03	3.34	97,460	111.45	.80	265.40	27.40
Boston, MA	1.72	1.02	3.24	225,000	146.91	.82	367.40	43.80
New York, NY	1.59	1.29	2.97	135,000	215.62	.82	232.00	48.00
Philadelphia, PA	1.82	1.10	3.48	102,280	191.85	.80	385.20	31.00
ALL CITIES MEAN[1]	1.26	1.19	3.32	89,163	115.22	.84	201.23	24.55

[1] All cities mean is the mean price of all 247 cities surveyed in the second quarter 1987

Source: *Inter-City Cost of Living Index*, (247 Cities) 1st Quarter 1987, American Chamber of Commerce Researchers Association.

In addition to a small number of items priced, the ACCRA index has other limitations. For example, the ACCRA index does not include state and local taxes due to the difficulty in measuring each areas total tax burden. In comparing Alaska to other areas, this could be an integral part in the overall difference in the cost of living because Alaska has no state personal income tax and many local area tax burdens are relatively low when compared to other locations in the U.S.

Tables 1 and 2 are excerpted from the first quarter 1987 ACCRA index and compare Anchorage, Fairbanks and Juneau to 16 other cities in the U.S. Data on more than 220 additional cities is also available upon request from the American Chamber of Commerce Researchers Association, the Anchorage Chamber of Commerce, the Alaska Department of Labor, research and analysis section or your local chamber of commerce if your city is a participant in the ACCRA index. The cities chosen for Tables 1 and 2 are only a representative sample of those available.

With the exception of Boston and New York City, the three Alaskan cities were the most expensive cities surveyed. In nearly every one of the six subcategories of the index the Alaskan cities were 25 to 30 percent more expensive to live in than the average city surveyed. The three Alaskan cities were higher in nearly every index subcategory while other high cost cities such as Boston and New York City tend to be more expensive in the housing, utilities and health care indexes and not far from the survey average in the groceries, transportation and miscellaneous goods and services subcategories.

This pattern in the indexes indicate that the overall cost of living in the

In nearly every one of the six subcategories of the index the Alaskan cities were 25 to 30 percent more expensive to live in than the average city surveyed.

The most expensive communities in Alaska are small, relatively isolated communities.

three Alaskan cities is comparable to that of New York City but that in Alaska the higher cost of living is not attributable to just one item. In contrast, the relatively high cost of living in the urban areas which have costs of living similar to the Alaskan cities can be attributed to the high demand that large population centers have for essential services such as housing, utilities and health care.

Trends in the ACCRA index indicate that it is becoming relatively less expensive to live in the three Alaskan cities because the housing component of the index, the largest part of the total budget, has become less expensive in the last year. (Table 3) Falling house prices and a shakeout in the Alaskan real estate market are the sources for the drop in housing costs. An indication of this trend is a drop in apartment rental prices in the ACCRA survey of 10-15% since the second quarter of 1985.

Just as important, the ACCRA indexes point to a tremendous difference in the cost of health care services in Alaska when compared to other locations. This magnitude of the cost differential as measured by this particular index may be on shaky ground because of the limited number of items priced, but the health care services items that were priced were at least 60% higher than the median price for all cities surveyed. Another factor is that in Alaska's urban areas some medical services are unavailable and patients must be transported to Seattle to receive adequate medical care. In short the ACCRA index indicates that Alaska's remote location and the small market size tend to affect health care costs even more dramatically than the average good or service.

Both the index numbers and the average prices for all of the cities surveyed are published in the *Inter-City Cost of Living Index*. The ACCRA quarterly survey is available at an annual rate of $75.00. Subscriptions may be ordered by writing to the following address:

Mrs. Alice Klien
ACCRA Project Treasurer
Louisville Chamber of Commerce
One Riverfront Plaza
Louisville, KY 40202

Cost of Food at Home

Comparing the cost of living between communities in Alaska is complicated by several factors. Many goods and services available in larger cities are not readily available at any price in Alaska's rural areas. The consumption habits of urban Alaskans vary from their rural counterparts. This results in different "typical" market baskets in urban and rural areas and complicates any comparison in the cost of living. Subsistence contributions also make cost of living comparisons more difficult.

The University of Alaska, in cooperation with the U.S. Department of Agriculture, does a quarterly survey of food prices in an attempt to measure how much it costs to feed various size families at different locations throughout the state. Some additional expenditures such as gasoline, heating oil and electricity are included in the survey. While the Cost of Food at Home survey is not a comprehensive survey of living costs at these locations, it does provide some idea of the relative cost of living in the surveyed areas.

Table 4 is an excerpt from the Cost of Food at Home survey for March 1987. The Cost of Food at Home data suggest that there are three tiers of living costs within those cities surveyed. Urban areas of the state tend to have food costs very near those of Anchorage, while Anchorage food

Table 3
Anchorage All Items and Housing Indexes
1st Quarter 1985 to 1st Quarter 1987

Qtr/Year	Anchorage All Items	U.S. All Items	Anchorage Housing	U.S. Housing
1/85	142.0	100.0	170.8	100.0
2/85	139.2	100.0	174.4	100.0
3/85	139.1	100.0	170.8	100.0
4/85	139.4	100.0	178.7	100.0
1/86	*	100.0	*	100.0
2/86	140.6	100.0	166.3	100.0
3/86	139.4	100.0	160.8	100.0
4/86	134.3	100.0	141.3	100.0
1/87	136.4	100.0	148.9	100.0

* No observation for Anchorage for 1st quarter 1986

Source: American Chamber of Commerce Researchers Association, *Inter-City Cost of Living Index*, First Quarter 1985-First Quarter 1987.

Table 4
Cost of Selected Items in Various Alaskan Communities
March 1987

Community	Percent Sales Tax	Cost of Food, 1 week[1]	Ratio of Food Cost to Anchorage Average (percent)	Ratio of Food Cost to U.S. Average (percent)	Electricity (1000 kwh)	Heating Oil (55 gal)	Unleaded Gas 1 gal	Lumber (2x4x8)
U.S. Average	0%	$84.10	95%	100%	-	-	-	-
Anchorage	0	88.65	100	105	$62.40	$45.65	0.90	-
Bethel	5	142.14	160	169	148.05	66.50	1.53	3.50
Delta	0	133.55	151	159	78.65	41.80	0.99	2.10
Dillingham	3	137.50	155	163	114.40	72.99	1.59	3.20
Fairbanks	0	90.65	102	108	80.78	40.43	0.89	1.88
Juneau	4	88.07	99	105	113.12	50.46	1.36	2.11
Kenai	5	93.81	106	112	80.00	45.28	1.02	2.05
Ketchikan	5	88.25	100	105	96.55	46.75	1.30	1.84
Kodiak	5	108.92	123	130	160.00	60.50	1.36	1.87
Kotzebue	3	137.35	155	163	239.62	69.85	1.76	2.97
MatSu	0	89.98	102	107	85.49	49.50	1.04	1.85
McGrath	0	133.22	150	158	253.75	121.00	2.20	4.75
Nome	4	143.29	162	170	87.20	80.30	1.70	3.38
Sitka	4	99.80	113	119	66.00	44.18	1.28	2.33
Tok	0	116.90	132	139	195.90	45.63	1.12	-
Unalakleet	0	146.25	165	174	-	118.80	2.21	-
Valdez	0	112.69	127	134	164.10	45.10	1.20	1.68

[1] Family of four with elementary school children

Sales tax included in food and utility cost.

-Data unavailable

Source: "Cost of Food at Home for a Week," March 1987, University of Alaska Cooperative Extension Service. U.S. Dept. of Agriculture and SEA Grant Cooperating

costs tend to be five to seven percent higher than the U.S. average.

The next tier of food costs are in communities which are smaller than the urban centers but not isolated because of transportation modes. Examples of this type of community are Kodiak and Valdez. These communities tend to have food costs 20 to 30 percent higher than Anchorage but they are not the most expensive communities in the state.

The most expensive communities in Alaska are small, relatively isolated communities. Food costs in these areas tend to be 50 to 70 percent higher than they are in Anchorage. Examples of these communities are Bethel, Kotzebue and McGrath.

A historical study of the Cost of Food at Home survey indicates that the cost of living gap between Alaska and the U.S. has gradually narrowed. Despite this convergence, the three tiers of living costs within Alaska have remained. In 1978, the Cost of Food at Home in Anchorage was 47.9% above the national average but by September of 1986 that gap had narrowed to a 10% difference (Table 5). A similar narrowing of the cost of food occurred between the U.S. average and Valdez and Bethel, two communities representative of the other two cost of living tiers. However the relative difference in cost of living between the urban areas, the small communities on mainline transportation and the isolated communities has been evident throughout this period.

The most noteworthy change identified is that food costs have moved toward the U.S. average faster in Anchorage than in those smaller communities that are on mainline transportation routes. Since 1978, the difference between the cost of food in Anchorage and Valdez has grown larger while the difference in food costs between Anchorage and the U.S. average has grown smaller. This change indicates that during the last ten years the Anchorage market has grown to a size which makes transportation of goods less of a cost factor in the Anchorage cost of living

The ACCRA indexes point to a tremendous difference in the cost of health care services in Alaska.

Table 5
Cost of Food at Home for a Week 1978-1986[1]

Mo Year	U.S.	Anchorage	Percent of US Average	Valdez	Percent of US Average	Bethel	Percent of US Average
9 78	$56.90	$76.67	147.9%	$85.42	150.1%	$114.05	200.4%
12 79	63.70	85.80	144.3	-	-	120.44	189.1
9 80	69.20	88.44	130.8	97.70	141.2	130.87	190.2
9 81	72.90	86.69	135.1	106.68	146.3	138.66	168.2
9 82	74.60	77.30	123.4	-	-	125.50	171.5
9 83	74.80	81.66	112.0	-	-	128.30	176.0
9 84	77.60	84.22	117.6	102.41	132.0	136.54	176.0
9 85	78.30	89.06	115.0	103.57	132.3	138.13	176.4
9 86	82.00	87.25	110.5	106.85	130.3	137.96	168.2

[1] Family of four with elementary school children

Sales tax included in food prices

- Data unavailable

Source: "Cost of Food at Home for a Week," September 1978 to September 1986
University of Alaska Cooperative Extension Service,
U.S. Dept. of Agriculture and SEA Grant Cooperating

than it was ten years ago, at least as far as food costs are concerned.

Keep in mind however that the ACCRA survey indicates a much greater difference in the cost of food than is indicated by Cost of Food at Home for a Week. This could be due to the limited number of items priced by the ACCRA survey and also because of the different audiences the surveys are targeting. The ACCRA survey is designed based on the budget of a mid-management level executive while Cost of Food at Home is designed to find the minimum cost of providing a nutritionally sound diet for different family sizes.

Geographic Differential Study, 1985

A study done in April 1985 for the State of Alaska Department of Administration, Division of Labor Relations studied the differences in cost of living between Seattle, Anchorage, and twenty other election districts for the purpose of determining fair compensation levels for state employees. The study, entitled *Alaska Geographic Differential Study, 1985*, found that there are three cost of living tiers in the state. If Anchorage was considered as the base, most of the urban communities fell into that category having little or no differences in living costs between themselves and Anchorage. A second group of communities ranged from a 5 to 11% higher cost of living than Anchorage, while the rural areas ranged from 26% to 45% higher living costs than Anchorage. For more information about the *Alaska Geographic Differential Study, 1985* contact the Alaska Department of Administration, Division of Labor Relations.

Consumer Price Index

The consumer price index (CPI) is the most comprehensive ongoing consumer expenditure survey in the nation. The CPI is one of the most frequently used cost measures because of its relatively high profile. The U.S. Department of Labor, Bureau of Labor Statistics (BLS) produces a CPI for the U.S. and for selected urban areas. There are no CPI's for an entire state. In Alaska, a CPI is produced semiannually for Anchorage, published with the U.S. cities CPI for the months of January and July. The Anchorage CPI is a semiannual average index, which refers to the arithmetic averages of the six month period from January to June and July through December. Up until November 1986, the Anchorage CPI was published bimonthly. For 1985 and 1986 the BLS has calculated semiannual averages to measure changes in the semiannual index since 1985.

The CPI market basket includes expenditures made by typical consumers; from food and fuel to medical services and entertainment. Each month, Bureau of Labor Statistics employees check prices of goods and services included in the market basket in all surveyed urban areas. BLS computes the CPI by assigning weights to each good or service in a survey area based upon the average expenditure for that good or service. An index is computed for individual index components as well as a total for all items. There are two differently weighted indexes, which results in two CPI's produced for each area. One is for all urban consumers (CPI-U) and one is for urban wage earners and clerical workers (CPI-W). The CPI-U approximates the buying habits of 80% of the civilian noninstitutionalized population. The CPI-W approximates the buying habits of 40% of the civilian noninstitutionalized population. The CPI-U was first produced in 1978, previous to that only the CPI-W was available.

The consumer price index (CPI) compares the cost of the current market basket to the cost in a base year. The base year currently being used is 1967. This is an important distinction from the ACCRA index because the CPI does not measure cost of living levels between locations. The CPI is a measurement of price changes in a given location over a period of time. In other words, the CPI can tell you how fast prices are increasing in one area compared to another, but it can-

not tell you in which area it is more expensive to live.

Table 6 compares the movement of the Anchorage CPI to the U.S. CPI from 1967 through 1986. In comparison to the U.S. cities average prices in Anchorage increased at a slower pace from October 1967 to 1974. This trend reversed itself during the period of pipeline construction, reflecting the inflationary impact of drastic economic expansion in Alaska. Prices in Anchorage increased at a more rapid rate than the rest of the nation from 1975-1977 and increased at a rate slightly below the national average in 1974 and 1978.

After completion of the pipeline, Anchorage prices began to rise at a slower rate than the rest of the nation. A decline in population and consumer spending as well as a period of adjustment following the heavy build up that occurred during the pipeline were all factors in the slowing rate of price increases in Anchorage.

From 1980 to 1982 the domination of residential lending by the Alaska Housing Finance Corporation makes it difficult to compare the change in the Anchorage index with the change in the U.S. cities index. Most probably Anchorage prices increased more rapidly than the the national average during this period because the Anchorage economy, especially the housing market, was going through a period of rapid expansion while most of the rest of the nation was in a recessionary period.

From 1983 to 1986 the changes in the Anchorage index have been almost identical to the changes in the U.S. cities average. Inflation throughout the nation has slowed due to the falling price of energy products. In 1986 the Anchorage index registered an identical increase in its annual CPI-U compared to the U.S. cities average. The moving together of the indexes during 1986 was due to the greater impact that falling energy prices had in the rest of the nation as opposed to Anchorage.

In the first half of 1987 the Anchorage CPI-U registered the smallest gain of all the cities measured by the Bureau of Labor Statistics. The slowdown in inflation was attributed to the continuing fall in housing costs in Anchorage.

Table 6
Annual Average CPI's
Anchorage, Seattle-Everett, & U.S. City Average 1967-86

Year	U.S.	Percent Change	Anchorage	Percent Change	Seattle	Percent Change
1967	100.0	-	100.0	-	100.0	-
1968	104.2	4.2%	102.6	2.6%	104.1	4.1%
1969	109.8	5.4	105.9	3.1	109.2	4.9
1970	116.3	5.9	109.6	3.5	114.0	4.4
1971	121.3	4.3	112.9	3.0	116.4	2.1
1972	125.3	3.3	115.9	2.7	119.7	2.8
1973	133.1	6.2	120.8	4.2	127.5	11.1
1974	147.7	11.0	133.9	10.8	141.5	11.0
1975	161.2	9.1	152.3	13.7	155.8	10.1
1976	170.5	5.8	164.1	7.7	165.5	5.6
1977	181.5	6.5	175.0	6.6	177.6	8.0
1978	195.4	7.7	187.5	7.1	194.8	9.7
1979	217.4	11.3	207.0	10.4	216.3	11.0
1980	246.8	13.5	228.2	10.2	252.1	16.6
1981	272.4	10.4	246.5	8.0	279.7	10.9
1982	289.1	6.1	260.1	5.5	297.8	6.5
1983	298.4	3.2	264.8	1.8	302.8	1.7
1984	311.1	4.3	275.6	4.1	313.9	3.7
1985	322.2	3.6	282.3	2.4	321.9	2.6
1986	328.4	1.9	287.8	1.9	325.2	1.0

Source: U.S. Department of Labor, Bureau of Labor Statistics

Other Cost Measures

In addition to the various cost of living measures, the Alaska Department of Labor, research and analysis conducts wage surveys and special studies which help measure the cost of living in Alaska. Cost of labor has traditionally been an important consideration in business location decisions.

In the first half of 1987 the Anchorage CPI-U registered the smallest gain of all the cities measured by the Bureau of Labor Statistics.

Table 7
Wage Rates in Selected Occupations 1986[1]

Occupation	Statewide	Anchorage-MatSu	Interior	Southeast	Gulf Coast
Accountants & Auditors	$15.79	$14.11	$15.89	$14.56	$14.90
Drafters	12.42	12.61	12.92	10.72	*
Nurses: Registered	13.66	13.52	12.95	14.00	13.12
Cashiers	7.70	7.46	7.47	7.94	7.36
Salespersons: Retail	8.06	8.09	8.76	8.16	7.06
Travel Agents	8.75	8.53	9.10	9.32	8.57
Bookkeeping, Accounting & Auditing Clerks	10.79	9.81	11.07	10.68	10.14
Clerical Supervisors & Office Managers	13.14	12.56	13.49	13.39	*
General Office Clerks	9.04	9.01	9.18	8.39	10.00
Receptionists & Info. Clerks	9.13	8.35	8.38	9.72	9.68
Secretaries	10.71	10.96	10.23	10.60	9.74
Tellers	7.85	7.77	8.11	7.89	*
Bartenders	8.89	8.53	8.50	8.66	9.23
Dental Assistants	10.90	11.33	10.07	11.32	10.62
Food Preparation Workers	7.28	7.35	6.33	7.42	6.45
Janitors & Cleaners	7.81	7.81	7.24	8.30	6.23
Maids & Housekeepers	7.03	6.77	6.07	6.59	6.97
Waiters & Waitresses	5.38	5.09	4.58	5.80	5.27
Carpenters	16.36	14.33	*	16.97	14.98
Electricians: Commercial	19.77	17.63	*	*	23.17
Helpers, Laborers & Material Movers: Hand	10.35	9.57	*	10.75	11.40
Mechanic: Automotive	15.41	17.61	*	14.18	11.70
Truck Drivers: Heavy or Tractor Trailer	13.68	13.49	14.04	12.91	15.07

* No observation or no comparable observation

Wage rates are the average wage for a worker with two years of experience at that occupation.

Source: Alaska Wage Rates 1986: Alaska Department of Labor, Research & Analysis

Table 8
Cost of a "Quarter Pounder" Meal by Location
Alaska, August 1987

Location	Quarter Pounder w/ cheese	Large Fries	Medium Drink	Total Meal Cost	Percent of Anch.
Adak	$2.19	$ .99	$ .79	$3.97	115.1%
Anchorage	1.80	.90	.75	3.45	100.0
Eagle River	1.99	.99	.79	3.77	109.3
Fairbanks	1.95	.95	.79	3.69	107.0
Homer	1.86	.92	.74	3.52	102.0
Juneau	1.94	.99	.74	3.67	106.4
Kenai	1.89	.95	.77	3.61	104.6
Ketchikan	1.95	.99	.70	3.64	105.5
Kodiak	1.99	.99	.80	3.78	109.6
Sitka	1.94	.99	.74	3.67	106.4
Soldotna	1.89	.95	.77	3.61	104.6
Wasilla	1.99	.99	.79	3.77	109.3
Avg. Price	1.95	.97	.76	3.68	

Quarter Pounder is a registered trademark of the McDonalds Corporation

Prices surveyed August 5-7, 1987

Table 7 lists the wage rates for selected occupations for a worker with two years of experience in that occupation. The U.S. Department of Labor, Bureau of Labor Statistics publishes wage studies for all states and for selected areas within states. A comparison of wage data for the Alaska region with the wage data for individual areas will assist in determining the difference in labor costs between areas.

While no universal cost of living comparison is available for every city in Alaska and the U.S., many communities in both Alaska and the U.S. have a McDonald's restaurant. As such the the Alaska Department of Labor has developed the Quarter Pounder Meal Index for the purpose of comparing Alaska communities to each other as well as to the location nearest to you (Table 8).

Income Measures

By Greg Huff and Judy Hallanger

Introduction

One income statistic shows that Alaska has one of the largest concentrations of millionaires in the United States—Alaska's count of 1,200 millionaires was the fifth highest among the 50 states in 1982. Another statistic reveals that over one in five Alaskans are below the poverty level at any one time. Census statistics show that over 42,000 persons in Alaska were below the poverty level at the beginning of this decade.

These are only two examples of the wide range of income measures available to analyze a variety of concepts and trends. Some of the most useful ways to use income statistics are to measure the purchasing power of individuals or an entire population. Other income measures can be used to gauge the average cost of an employee to a firm or as a yardstick to compare average monthly wage in various industries.

One in five Alaskans are below the poverty level at any one time.

This article will examine some of the most common income measures available for Alaska. We will primarily focus on data pertaining to personal income and its components, but will also provide statistics on poverty level guidelines. Also included are comparisons of Alaska income figures to national figures. Detailed data tables for reference are available throughout the article.

SOURCES OF PERSONAL INCOME

Personal income data from the U.S. Department of Commerce includes all possible legal sources of income. Three main components make up personal income[1]: 1) earnings 2) dividends, interest, and rent 3) transfer payments. Earnings, the largest component, is the sum of wages and salaries, other labor income (like contract work or tips) and proprietors' income.

Table 1 provides Alaska personal income statistics from 1980 to 1986. The data shows that earnings (less adjustments) accounted for 84% of total personal income in 1980, but by 1986 that proportion fell to 77%. During this period dividends, interest and rent; and transfer payments grew faster than earnings. This caused the share that earnings represented of total personal income to decrease.

Table 1
Components of Total Personal Income
(in millions of 1986 dollars)
Alaska, 1980-1986

	1980	1981	1982	1983	1984	1985	1986	Percent of Total 1980	Percent of Total 1986
Total Personal Income	$7,059	$7,494	$8,519	$9,442	$9,479	$9,658	$9,430	100.0%	100.0%
Net Earnings[1]	5,932	6,252	6,833	7,553	7,665	7,678	7,284	84.0	77.2
Dividends, Interest, & Rent	513	585	668	799	873	885	923	7.3	9.8
Transfer Payments	614	658	1,017	1,090	941	1,095	1,224	8.7	13.0
Total Earnings	6,769	7,229	7,935	8,740	8,826	8,840	8,340	100.0	100.0
Wages and Salaries	5,537	6,118	6,724	7,244	7,299	7,266	6,815	81.8	84.6
Other Labor Income	457	518	596	662	643	638	589	6.8	7.2
Proprietors' Income	774	593	614	834	884	919	936	11.4	8.2

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System

[1] Total Earnings less adjustments for social insurance and residency.

Alaska has one of the largest concentrations of millionaries in the United States.

The income component including dividends, interest, and rent is the total of the proceeds from investments by individuals, while transfer payments are income derived from government assistance to individuals. In table 1 the large increase in transfer payments in 1982 was primarily a result of the first annual permanent fund dividend payment to Alaskans. Unemployment payments boosted the transfer payment component in 1986 as the Alaskan economy went into a recession.

Total personal income, the aggregate of income of all individuals from all legal sources, is a good indicator of the total purchasing power of Alaska's population. Data from the U.S Department of Commerce indicates that approximately 86% of Alaska's total personal income is disposable income—or income after taxes that is available for purchasing of goods and services or investing.

Disposable income totaled approximately $6.0 billion in 1980, increasing to $8.3 billion in 1985 (both figures are adjusted to 1966 dollars). This boost of $2.3 billion in spendable income was the impetus for the rapid growth of firms providing a variety of goods and services through 1985. With the onset of 1986 and the beginning of an economic downturn, disposable income fell slightly to $8.1 billion. The decline would have been greater if it were not for a sharp increase in unemployment insurance payments during that year, expanding the transfer payments category.

The largest component of personal income, earnings (less adjustments), declined by more than $400 million or nearly 6% in 1986 as wages and salaries and other labor income fell dramatically.

National income statistics show that the contribution of dividends, interest, rent and transfer payments to total personal income are generally greater outside Alaska as figure 1 illustrates. But the components of earnings (wages and salaries, other labor income, and proprietors' income) have similar percentage shares in Alaska and nationally.

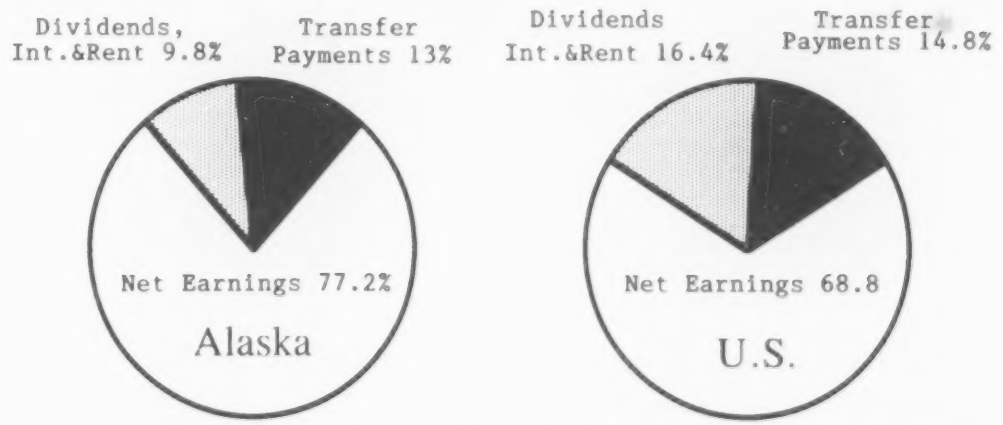
Geographic Comparisons of Personal Income

We will examine three geographic views of Alaska's personal income: census area data, a ranking of the 50 states, and a historical comparison between Alaska and the U.S. from 1970 to 1986.

A Look At Census Areas

The most current personal income data by census area is for 1984 (Table 2). During that year, Alaska's average per capita personal income was

Figure 1
Personal Income by Component, 1986



Source: U.S. Department of Commerce, Bureau of Economic Analysis

Table 2
1984 Personal Income
by Census Area

	Total Personal Income (millions of dollars)	Per Capita Income Dollars	Per Capita Income Percent of U.S. Average	Per Capita Income Percent Change From 1983
Alaska	$8,771	$17,550	137%	1.0%
U.S.	3,016,317	12,772	100	9.3
Aleutian Islands	119	16,715	131	3.5
Anchorage Borough	4,349	19,188	150	2.4
Bethel	114	10,050	79	0.2
Bristol Bay Borough	23	20,472	160	5.4
Dillingham	55	10,852	85	-2.2
Fairbanks North Star Borough	1,293	20,764	163	1.3
Haines Borough	32	17,250	135	12.7
Juneau Borough	505	21,253	166	2.0
Kenai Peninsula Borough	499	13,237	104	2.1
Ketchikan Gateway Borough	232	18,138	142	-2.1
Kobuk[1]	60	11,822	93	1.9
Kodiak Island Borough	174	11,826	93	-8.9
MatSu Borough	420	14,197	111	-9.2
Nome	96	14,265	112	2.2
North Slope Borough	113	26,077	204	5.7
Prince of Wales-Outer Ketchikan	63	14,460	113	-1.2
Sitka Borough	120	16,090	126	0.9
Skagway-Yakutat-Angoon	56	16,124	126	8.4
Southeast Fairbanks	80	12,685	99	3.8
Valdez-Cordova	150	17,536	137	6.8
Wade Hampton	34	7,466	58	5.3
Wrangell-Petersburg	101	15,812	124	-12.9
Yukon-Koyukuk	81	9,537	75	-2.1

[1] Now the Northwest Arctic Borough

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Note: Not directly comparable with the data in Tables 3 and 4 due to revision of state personal income data after the release of census area data for 1984. Revised personal income data for census areas will not be available from the Bureau of Economic Analysis until April, 1988.

After 13 straight years at the top of the state per capita personal income standings, Alaska fell to the number three spot in 1986.

$17,550, 137% of the national average. The North Slope Borough ranked at the top of the Alaskan census areas with a per capita income of $26,077 while Wade Hampton had the lowest per capita income, $7,466. Although the majority of the census areas had per capita incomes above the national average, seven did not.

In general, Alaska's per capita personal income grew much more slowly than the nation as a whole from 1983 to 1984. Only the Haines Borough, at 12.7%, had growth above the national average and seven census areas showed declines.

Noncash sources of goods and services, which are important in many Alaskan rural census areas, are not included in personal income data. Also, many census areas with low per capita income have exceptionally high costs for energy, food, and other goods and services. For these reasons, caution is advised when attempting to use per capita personal income data to compare the standard of living between census areas of the state.

Table 3
1986 Per Capita Personal Income
Ranked By State

Rank	State	Per Capita Income (dollars)	Percent of U.S. Average	Percent Change From 1985
1	Connecticut	$19,208	133%	6.1%
2	New Jersey	18,284	126	6.2
3	**ALASKA**	17,744	123	-2.2
4	Massachusetts	17,516	121	6.9
5	New York	17,118	118	6.4
6	California	16,778	116	4.4
7	Maryland	16,588	115	4.6
8	New Hampshire	15,922	110	6.5
9	Illinois	15,420	107	4.6
10	Virginia	15,374	106	5.6
11	Colorado	15,113	105	2.1
12	Nevada	15,074	104	4.1
13	Delaware	15,010	104	5.2
14	Minnesota	14,737	102	4.6
15	Hawaii	14,691	102	6.1
16	Rhode Island	14,670	101	5.3
17	Washington	14,498	100	4.4
—	**U.S. AVERAGE**	14,461	100	4.3
18	Kansas	14,379	99	4.3
19	Florida	14,281	99	3.9
20	Michigan	14,064	97	3.4
21	Pennsylvania	13,944	96	3.9
22	Wisconsin	13,796	95	4.9
23	Nebraska	13,777	95	3.7
24	Ohio	13,743	95	3.9
25	Missouri	13,657	94	3.2
26	Texas	13,523	94	0.4
27	Wyoming	13,230	91	0.1
28	Georgia	13,224	91	5.4
29	Iowa	13,222	91	4.9
30	Arizona	13,220	91	3.5
31	Oregon	13,217	91	4.6
32	Indiana	12,944	90	4.0
33	Vermont	12,845	89	6.1
34	Maine	12,709	88	7.0
35	Oklahoma	12,368	86	1.3
36	North Dakota	12,284	85	1.9
37	North Carolina	12,245	85	5.5
38	Montana	11,904	82	8.4
39	South Dakota	11,850	82	6.2
40	Tennessee	11,831	82	5.4
41	Idaho	11,432	79	2.7
42	Louisiana	11,227	78	-0.3
43	Kentucky	11,129	77	2.9
44	Alabama	11,115	77	4.2
45	South Carolina	11,096	77	4.4
46	New Mexico	11,037	76	1.2
47	Arkansas	10,773	74	2.9
48	Utah	10,743	74	2.4
49	West Virginia	10,530	73	3.3
50	Mississippi	9,552	66	4.0

Source: U.S. Department of Commerce, Bureau of Economic Analysis

State Rankings

After 13 straight years at the top of the state per capita personal income standings, Alaska fell to the number three spot in 1986 (Table 3). The new leader is Connecticut, with a per capita income of $19,208, more than double the $9,552 of 50th-ranked Mississippi. At $17,744, Alaska was 23% higher than the national average of $14,461.

Alaska and Louisiana were the only two states to experience per capita income losses from the previous year. These states, along with Wyoming, Texas, New Mexico, and Oklahoma, were adversely affected by the declines in the oil industry, which depressed the growth of per capita income there. The New England and Mid-Atlantic states have had large gains in total personal income from growth in construction and in business and financial services. These gains, coupled with a small population increase, resulted in per capita income growth well above the U.S. average of 4.3% from 1985 to 1986.

Long-Term Trends: Alaska and the U.S.

Table 4 compares total and per capita personal income in Alaska to the U.S. average from 1970 to 1986. This data, which is not adjusted for inflation, shows Alaska contributed only a tiny fraction (0.2-0.3%) to the nation's total personal income and that Alaska's per capita income has been consistently higher than the U.S. average during this period. Both per capita and total personal income fell in Alaska in 1986.

Figure 2 plots the long-term per capita income data after adjustments for inflation have been made using the annual rate of change in the CPI-U for Anchorage and the U.S. city average. In real terms, Alaska's per capita income peaked in 1976 at $20,167 as a result of the oil pipeline boom. Three years of sharp declines followed. In 1983, at the height of oil revenue spending, a second peak was established at $19,558 and again three subsequent years of declines have been encountered. In contrast, the U.S. per capita income suffered minor setbacks in 1973-1975 and again from 1979-1982, but has been growing steadily for the past four years. The overall effect of these differing trends is to bring the Alaskan per capita income closer to the U.S. average.

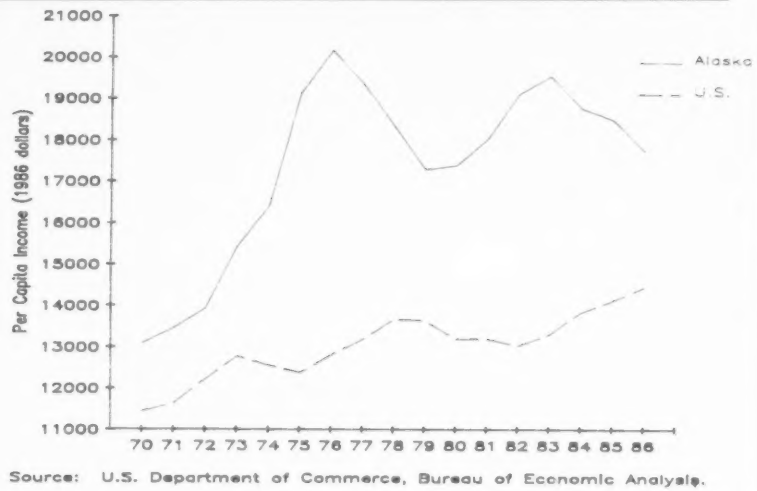
Table 4
Total and Per Capita Personal Income
Alaska and the United States 1970-1986

	Alaska Total (billions of dollars)	U.S. Total (billions of dollars)	Alaska Per Capita (dollars)	U.S. Per Capita (dollars)	Alaska Percent of U.S. Per Capita
1970	$1.52	$825.5	$4,986	$4,051	123%
1971	1.67	888.5	5,279	4,296	123
1972	1.83	976.1	5,610	4,664	120
1973	2.16	1,095.1	6,482	5,181	125
1974	2.63	1,204.1	7,635	5,644	135
1975	3.76	1,307.5	10,121	6,069	167
1976	4.52	1,446.1	11,499	6,647	173
1977	4.67	1,601.8	11,764	7,289	161
1978	4.81	1,806.2	11,947	8,133	147
1979	5.02	2,026.7	12,435	9,025	138
1980	5.59	2,252.0	13,797	9,910	139
1981	6.42	2,512.3	15,460	10,940	141
1982	7.70	2,660.9	17,281	11,470	151
1983	8.69	2,833.2	17,995	12,093	149
1984	9.08	3,101.4	17,970	13,115	137
1985	9.48	3,310.5	18,140	13,867	131
1986	9.47	3,486.2	17,744	14,461	123

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The most turbulent swings in payroll levels from 1980 to 1986 occurred in the construction industry.

Figure 2
Alaska and U.S. Real Per Capita Income, 1980–1986



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

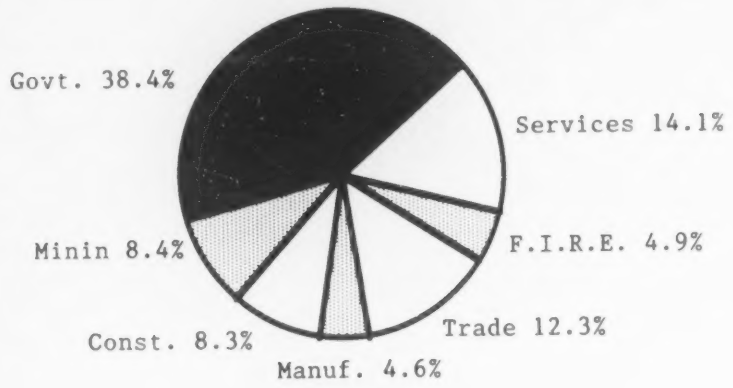
The government's portion of total payroll in Alaska is twice that it represents nationally.

SOURCES OF WAGES AND SALARIES

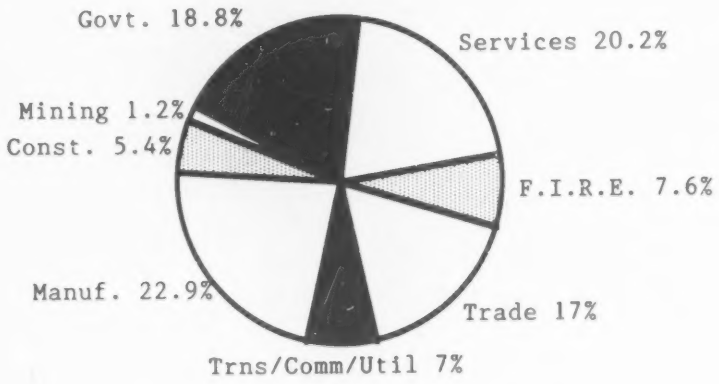
This section is broken into two segments: the first uses data from the U.S. Department of Commerce to compare the industry distribution of wages and salaries in Alaska to the distribution nationally. Though the national statistics are the average of all states and some states have industry distribution patterns similar to Alaska's the comparison demonstrates Alaska's economic uniqueness. The second segment uses Alaska Department of Labor data and provides Alaska's industry and regional wage and salary trends from 1980 to 1986.

Because the data in each section comes from different sources they are not directly comparable.

Figure 3
Alaska and U.S. Payroll by Industry, 1986



Alaska



U.S.

Source U.S. Department of Commerce, Bureau of Economic Analysis

2/ Payroll does not include farm and agricultural services.

Table 5
Governments Share of Total Payroll
Alaska and the U.S., 1986

	Alaska Percent of Total	U.S. Percent of Total
Federal, civilian	7.5%	4.0%
Military	7.4	2.0
State and local	23.4	12.7
Total Government	38.3	18.7

Most of the decline in the average monthly wage is due to the reduction of the number of hours worked per month.

Alaska/National Wage and Salary Comparisons

Figure 3 illustrates the relative share each industry or government sector represents of total payroll figures for Alaska and the nation. Most striking are the differences in the level of government and manufacturing payrolls. Alaska's manufacturing industry represents a relatively small share of total payroll compared to the share it represents nationally, but the governments portion of total payroll in Alaska is twice that it represents nationally. All segments of government represent a higher share than they do nationally as Table 5 indicates:

Another significant difference between Alaska and the nation is the relative level of the mining industry payroll. In Alaska over 8% of total payroll is accounted for by the mining industry (primarily related to the oil and gas industry) while this figure is just over 1% nationally. (To see comparisons of Alaska and other oil states refer to *Alaska Economic Trends*, December 1986).

Table 6
Alaska Total Payroll
By Industry 1980-1986
(in millions of 1986 dollars)

Industry	1980	1981	1982	1983	1984	1985	1986	Percent Change 80-86	Percent Change 1980	Percent Change 1986
Mining	$384	$520	$499	$485	$512	$573	$579	50.7%	8%	9%
Construction	537	678	892	1,042	932	779	543	1.1	11	9
Manufacturing	390	355	336	325	300	299	303	-22.5	8	5
Transportation	632	692	714	707	689	661	602	-4.7	13	10
Wholesale Trade	180	206	236	265	279	278	248	37.7	4	4
Retail Trade	416	468	527	598	626	624	562	35.0	8	9
Fin.-Insurance & R.E.	181	195	231	267	293	308	307	69.3	4	5
Services and Misc.	641	744	888	950	991	982	902	40.8	13	15
Federal Government	468	480	473	502	514	494	502	7.4	9	8
State Government	521	553	600	647	640	697	689	32.2	11	11
Local Government	585	637	717	788	836	891	898	53.6	12	15
Total	4,935	5,526	6,112	6,579	6,612	6,587	6,134	24.3	100	100

Source: Alaska Department of Labor, ES-202 files.

Note: Adjusted to 1986 dollars with the annual Anchorage CPI-U

Alaska's Wage and Salary Trends

The wage and salary data from the Alaska Department of Labor has been estimated to represent 70% of total personal income and is a good indicator of the total purchasing power of Alaskans. This data does not, however, include military payroll figures. The self employed are not counted among wage and salary employment.

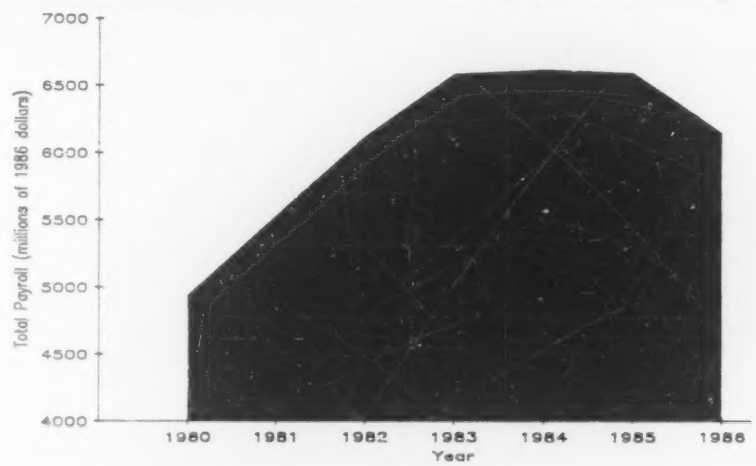
From the period of 1980 to 1986 wages and salaries (total payroll) in the state increased over 24% (adjusted to 1986 dollars). Total payroll did not, however, peak in 1986. It peaked in 1984 as figure 4 illustrates. From 1980 to 1984 total payroll increased by over one-third and provided the largest share of the increases in personal income. The additional purchasing power of workers in the basic industries during this period provided an enormous impetus for the expansion of firms providing a variety of goods and services.

By the end of 1985 total payroll had declined less than -1.0%, but over half the industries experienced payroll declines. The decline picked up pace in 1986 resulting in wage and salary declines of over $450 million, a 7% drop. If it were not for payroll increases in government the decreases would have been more severe.

The most turbulent swings in payroll levels from 1980 to 1986 occurred in the construction industry. In 1980 total construction payroll was $537 million increasing to over one billion dollars in 1983 and plunging to $542 million in 1986 (all figures are in 1986 dollars). These payroll declines were a result of falling employment levels and the decline in the average monthly wage (average monthly wage data will be presented later in this article).

Declines in the total payroll of the manufacturing industry from 1980 to 1985 was the result of a moderate decline in the average monthly wage and notable declines in employment levels of the seafood processing and pulp and lumber sectors. These sectors began a growth period in 1986 as reflected in the payroll figures. Refer to Table 6 for industry details.

Figure 4
Alaska's Nonagricultural Payroll, 1980–1986



Source: Alaska Department of Labor, Research & Analysis.

Table 7
Alaska
Total Payroll by Census Area
(in millions of 1986 dollars)

Census Area	1980	1981	1982	1983	1984	1985	1986	Percent Change 80-86	Percent of State 1980	Percent of State 1986
Aleutian Islands	$76	$77	$71	$75	$69	$72	$76	0.4%	1.5%	1.2%
Anchorage	2,250	2,493	2,799	3,060	3,156	3,175	3,015	34.0	45.6	49.2
Bethel Census Area	64	70	77	89	87	85	84	32.4	1.3	1.4
Bristol Bay Borough	20	22	25	24	25	25	27	39.4	0.4	0.4
Dillingham Census Area	39	42	41	48	44	44	43	12.6	0.8	0.7
Fairbanks North Star Borough	647	705	788	828	823	858	768	18.8	13.1	12.5
Haines Borough	11	12	14	15	18	19	23	111.9	0.2	0.4
Juneau Borough	303	333	351	375	376	377	353	16.5	6.1	5.7
Kenai Peninsula Borough	257	280	302	312	333	349	309	20.0	5.2	5.0
Ketchikan Gateway Borough	165	149	156	167	151	153	155	-5.9	3.3	2.5
Kodiak Island Borough	107	99	111	128	113	99	96	-10.5	2.2	1.6
Matanuska Susitna Borough	76	90	112	133	166	168	158	107.8	1.5	2.6
Nome	47	51	55	61	65	65	63	35.1	1.0	1.0
North Slope Borough	352	547	611	653	591	538	413	17.6	7.1	6.7
Northwest Arctic Borough	34	42	43	44	45	44	42	22.5	0.7	0.7
Prince of Wales-Outer Ketch	36	39	39	43	44	43	45	25.2	0.7	0.7
Sitka Borough	104	106	103	95	86	81	82	-20.7	2.1	1.3
Skagway-Yakutat-Angoon	24	27	35	41	32	31	34	44.6	0.5	0.6
Southeast Fairbanks	24	26	26	29	30	31	37	54.1	0.5	0.6
Valdez-Cordova Census Area	116	127	127	117	115	113	103	-11.7	2.4	1.7
Wade Hampton	17	21	22	20	22	22	23	35.4	0.3	0.4
Wrangell-Petersburg	68	68	65	70	60	63	60	-11.6	1.4	1.0
Yukon-Koyukuk	82	84	90	92	89	65	63	-23.2	1.7	1.0
Miscellaneous	18	18	49	57	72	68	60	233.8	0.4	1.0
TOTAL	4,935	5,526	6,112	6,579	6,612	6,587	6,134	24.3	100.0	100.0

Source: Alaska Department of Labor, ES-202 files.

Note: Adjusted to 1986 dollars with the annual Anchorage CPI-U

Geographic Distribution of Payroll

The Alaska Department of Labor wage and salary data contained in Table 7 gives an indication of the total purchasing power of Alaska's 23 census areas.

Average Monthly Wages

Average monthly wages are computed by dividing total yearly payroll by average yearly employment and then further dividing by 12. (Average monthly wages by industry adjusted to 1986 dollars are shown in Table 8.) The data is good for determining the average wage cost to a firm per job, but many overstate or understate the actual monthly earnings per worker. For example, industries characterized by high proportions of part-time workers will show average monthly wage levels appreciably below the actual monthly levels of regular full-time employees in these industries and of those industries that have few part-time workers. The retail trade and services industries are prime examples of this situation.

The opposite effect characterizes industries with low proportions of part-time workers, or industries which typically schedule heavy weekend and overtime work. Prime examples of this situation are the construction and oil and gas industries (Oil and gas is the major component of the mining industry).

For specific occupational wages for Alaska see Alaska Department of Labor's annual *Alaska Wage Rates* publication. For additional data concerning wages and salaries contact Department of Labor, Research and Analysis section.

The data in Table 8 shows that average monthly wages and salaries in 1986 were below 1980 wages (adjusted for inflation). This occurred after wages fell $277 per month from the 1985 pay levels. All sectors of the economy felt the impacts of declining oil prices in 1986 and the average monthly wage declines reflect this.

Table 8
Alaska Average Monthly Wage
By Industry
(in 1986 dollars)

Industry	1980	1981	1982	1983	1984	1985	1986	Percent Change 80-86	Ratio to State Average 1986
Mining	$4,797	$4,754	$4,705	$4,945	$4,908	$5,255	$5,069	5.67%	2.2
Construction	4,211	4,377	4,387	4,193	3,813	4,857	2,431	-42.27	1.1
Manufacturing	2,326	2,128	2,176	2,251	2,212	1,977	2,082	-10.49	0.9
Transportation	3,099	3,193	3,224	3,176	3,071	3,074	2,687	-13.29	1.2
Wholesale Trade	2,718	2,669	2,714	2,757	2,676	2,862	2,369	-12.85	1.0
Retail Trade	1,459	1,457	1,440	1,492	1,458	1,461	1,263	-13.41	0.6
Finance-Ins. & R.E.	1,973	1,969	2,113	2,188	2,203	2,262	2,202	11.60	1.0
Services & Misc.	1,809	1,905	2,028	2,032	1,955	1,920	1,711	-5.43	0.8
Federal Government	2,195	2,278	2,233	2,361	2,368	2,306	2,384	8.61	1.1
State Government	2,880	2,826	2,833	2,912	2,813	2,923	2,845	-1.20	1.3
Local Government	2,400	2,485	2,607	2,669	2,677	2,728	2,738	14.06	1.2
State Average	2,451	2,516	2,560	2,600	2,506	2,546	2,269	-7.42	1.0

Sources: Alaska Department of Labor, ES-202 files.

Note: Adjusted to 1986 dollars with the annual Anchorage CPI-U

Table 9
Alaska Average Monthly Wage
By Census Area
(in 1986 dollars)

Census Area	1980	1981	1982	1983	1984	1985	1986	Percent Change 80-86	Ratio to State Average 1986
Aleutian Islands	$1,974	$1,873	$1,906	$1,861	$1,881	$1,842	$2,055	4.09%	0.9
Anchorage Borough	2,421	2,435	2,457	2,496	2,438	2,522	2,278	-5.89	1.0
Bethel Census Area	1,528	1,738	1,839	1,917	1,918	1,897	1,842	20.55	0.8
Bristol Bay Borough	2,205	2,439	2,265	2,136	2,279	1,909	2,127	-3.54	0.9
Dillingham Census Area	2,089	2,080	2,065	2,364	1,978	1,925	1,916	-8.28	0.8
Fairbanks North Star Borough	2,593	2,586	2,651	2,683	2,521	2,636	2,229	-14.05	1.0
Haines Borough	1,625	1,849	1,964	2,120	2,174	2,013	2,680	64.91	1.2
Juneau Borough	2,353	2,442	2,433	2,488	2,374	2,491	2,199	-6.53	1.0
Kenai Peninsula Borough	2,579	2,577	2,578	2,527	2,463	2,579	2,132	-17.35	0.9
Ketchikan Gateway Borough	2,373	2,244	2,312	2,346	2,235	2,110	2,209	-6.90	1.0
Kodiak Island Borough	1,943	1,905	2,088	2,185	1,954	1,671	1,729	-11.00	0.8
Matanuska-Susitna Borough	2,023	2,085	2,175	2,118	2,167	2,147	1,934	-4.42	0.9
Nome	1,900	1,960	2,147	2,144	2,121	2,109	1,997	5.11	0.9
North Slope Borough	4,825	5,207	5,309	5,294	5,162	5,710	3,695	-23.42	1.6
Northwest Arctic Borough	2,034	2,044	1,948	2,207	2,179	2,090	1,991	-2.09	0.9
Prince of Wales/Outer Ketch.	2,402	2,199	2,203	2,351	2,239	2,004	2,129	-11.35	0.9
Sitka Borough	2,337	2,433	2,438	2,319	2,221	2,011	2,105	-9.94	0.9
Skagway-Yakutat-Angoon	1,770	1,841	2,032	2,285	1,841	1,670	2,097	18.47	0.9
Southeast Fairbanks	1,897	1,975	1,846	1,955	1,928	1,754	2,359	24.33	1.0
Valdez-Cordova	2,824	2,824	2,777	2,642	2,641	2,776	2,351	-16.75	1.0
Wade Hampton	1,522	1,628	1,687	1,670	1,649	1,515	1,655	8.76	0.7
Wrangell-Petersburg	1,945	2,092	2,128	2,292	2,110	2,206	2,118	8.88	0.9
Yukon-Koyukuk	2,758	2,781	2,733	2,752	2,602	2,311	2,144	-22.28	0.9
Unknown Area	1,375	1,181	2,692	3,134	3,490	3,047	2,602	89.17	1.1
State Average	2,451	2,516	2,560	2,600	2,506	2,546	2,269	-7.42	1.0

Sources: Alaska Department of Labor, ES-202 files.

Note: Adjusted to 1986 dollars with the annual Anchorage CPI-U

Table 10
1987 Lower Living Standard Income Level (LLSIL)

Family Size	Metropolitan Alaska Income Criteria for 100% of the LLSIL	Metropolitan Alaska Income Criteria for 70% of the LLSIL	Nonmetropolitan Alaska Income Criteria for 100% of the LLSIL	Nonmetropolitan Alaska Income Criteria for 70% of the LLSIL
1	$ 9,400	$ 6,580	$ 8,871	$ 6,210
2	15,414	10,790	14,529	10,170
3	21,157	14,810	19,943	13,960
4	26,129	18,290	24,629	17,240
5	30,829	21,580	29,057	20,340
6	36,057	25,240	33,986	23,790
Add for each additional family member:	5,229	3,660	4,929	3,450

Source: Employment and Training Reporter, Vol. 18, No. 48, Aug. 12, 1987, p. 1289.

Table 11
1987 Poverty Income Guidelines

Family Size	Alaska	All States Except Alaska and Hawaii
1	$6,860	$5,500
2	9,240	7,400
3	11,620	9,300
4	14,000	11,200
5	16,380	13,100
6	18,760	15,000
Add for each additional family member:	2,380	1,900

Source: Employment and Training Reporter, Vol. 18, No. 48, Aug. 12, 1987, p. 1291.

Workers in the construction sector, in particular, have had the most dramatic reduction in both the number of hours worked and hourly pay from the levels during the peak construction year of 1983. Refer to Table 8 for industry details.

Most of the decline in the average monthly wage is due to the reduction of the number of hours worked per month and to some extent the decline in hourly pay. For specific hours and earnings data see *Alaska Economic Trends*.

Alaska's Geographic Average Monthly Wage Distribution

Table 9 contains detailed average monthly wage data for Alaska's 23 census areas. Generally, those areas that contain high concentrations of oil and gas, construction or government employment tend to have a greater average monthly wage than those areas with small concentrations of those industries.

In addition, the urban areas of the state tend to have higher monthly wages than the rural areas. In some rural areas, wage and salary employment is scarce. In this case subsistence and other noncash sources of goods and services become the primary means of livelihood. Hence, the average monthly wage data is not a good overall measure of the standard of living between areas.

Urban areas of the state tend to have higher monthly wages than the rural areas.

Poverty Thresholds

Two measures of poverty are the Lower Living Standard Income Level (LLSIL) and the Poverty Income Guidelines published every year in the Federal Register and the Employment and Training Reporter. They are used to determine whether individuals and families meet eligibility criteria under the Job Training Partnership Act (JTPA). The LLSIL is based on the urban family budget, which was last revised in 1981. The 1987 LLSIL figures, adjusted for inflation by the consumer price index, can be found in Table 10. Poverty income guidelines are calculated by the Census Bureau and are based on an index adopted from the Department of Agriculture's Economy Food Plan. Table 11 lists the 1987 poverty guidelines for Alaska.

Summary

This article has provided many of the most common income measures available for Alaska. Overall these statistics show that Alaska's total personal income grew enormously during the early 1980s, but by the mid 1980s income level began to fall. In 1986 they fell sharply and continued into 1987. Most recent preliminary data from the Alaska Department of Labor shows total wages and salaries in the first quarter of 1987 fell 9.8% compared to first quarter 1986 figures.

Table 12 contains some fundamental information concerning the income measures discussed in this article and others the Department of Labor produces.

Table 12

A Summary of Income Measures

	Personal/Per Capita Income	Nonagricultural Wage and Salary Earnings	Income Poverty Guidelines	Lower Level Standard Income Level (LLSIL)
Description:	Estimates of total personal and per capita income	Total payroll and average monthly wage for nonagricultural workers	Estimated income used to determine program eligibility	Estimated income used to determine program eligibility
Responsible Agency:	U.S. Department of Commerce, Bureau of Economic Analysis	Alaska Department of Labor, Research & Analysis	U.S. Department of Commerce, Bureau of Census	U.S. Department of Labor, Employment and Training Administration
Source Of Data:	Estimates of wages, salaries, dividends, proprietors' income, rental income, etc.	Reports from employers on employment and wages covered by unemployment insurance	Survey and economy food plan	Urban Family Budget
Time Period:	Quarterly Annually	Quarterly Annually	Annually	Annually
Industry Detail:	Major Industry	None	None	Major Industry
Geographic Detail:	Alaska 23 Census Areas	Alaska 23 Census Areas	Alaska Balance of State (Rural)	Anchorage (Urban)
Published In:	Survey of Current Business	Statistical Quarterly	Federal Register	Federal Register

	Workers With Wages	Current Employment Statistics Hours and Earnings	Wage Rates for Selected Occupations
Description:	20% sample of annual workers with covered wages, mean and median incomes	Sample-based estimates of average hours worked, average weekly wages, and average hourly wages for production workers	High, low, and average hourly wage rates for over 200 occupations
Responsible Agency:	Alaska Department of Labor, Research & Analysis	Alaska Department of Labor, Research & Analysis	Alaska Department of Labor, Research & Analysis
Source Of Data:	Reports from employers on employment and wages covered by unemployment insurance	Current Employment Statistics program, a voluntary sample of employers	Voluntary mail and telephone survey
Time Period:	Quarterly Annually	Monthly Annually	Annually
Industry Detail:	Major Industry	Major Industry	None
Geographic Detail:	Alaska	Alaska	Alaska - 6 Regions
Published In:	UI Actuarial Report	Alaska Economic Trends	Alaska Wage Rates

Note:

[1] Personal income is measured after deduction for social security, government retirement, and other social insurance programs, but before deductions for income and personal taxes. Income from dividends, self-employed earnings, and businesses are all included in the measure of personal income. Estimates of proprietors' income are derived from federal tax return data. Earnings from wages and salaries, other labor income and proprietors' income are also residency adjusted by the Bureau of Economic Analysis.

Alaska's Employment Scene

By Neal Fried

The good news for the Alaskan economy in July was that unemployment fell below the double digit level for the first time in 1987, coming in at 9.7% (Table 9). The unemployment rate also represented an improvement over last year's July rate of 10.2%. However, this change cannot be attributed to an improving employment picture; instead it is a result of a large exodus of the unemployed. In addition to the exodus, during a prolonged recession such as Alaska is presently experiencing, a certain percentage of the long-term unemployed drop out of the labor force and are no longer counted. There could be a silver lining in this otherwise dreary picture of attrition, because as the unemployed leave, those who remain active in the labor market may find competition not quite as fierce for the jobs which become available.

Unemployment fell below the double digit level for the first time in 1987.

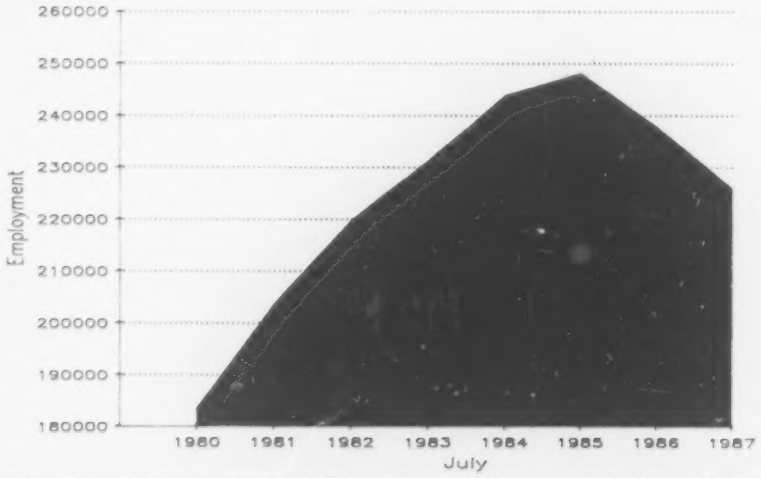
The bad news is employment gains in July were lackluster at best. The 3.1% increase in July's wage and salary employment represented the smallest seasonal gain since 1979—an indication of a continuing weak labor market (Tables 1-7). The picture is more bleak if year-ago comparisons are made. There were 11,900 fewer jobs in July of this year compared to the same time last year. If July's levels are compared to earlier years it becomes apparent that three to four years of employment growth have vanished (Fig. 1). Employment has not been at this level since somewhere between July of 1982 and July of 1983.

The Good News

The **fishing industry** led the seasonal upsurge in July and in the over-the-year gains. The number of jobs in seafood processing grew by 6,700 in July and posted an over-the-year gain of 300, making it this year's premier economic performer in a year where there are few.

Fewer salmon were caught through July of this year, but the bottomfish fishery kept employment numbers high. The harvest from the state's richest salmon waters, Bristol Bay, was off slightly compared to year-ago levels, while Upper Cook Inlet's sockeye run set a new record. The run was so large that some Cook Inlet processors were forced to send fish elsewhere to be processed. This represents a reversal in the historical trend for Cook Inlet processors who usually process the overflow from Bristol Bay and elsewhere in the state. The Lower Cook Inlet and Southeast salmon fisheries were very weak. Luckily for fishermen, prices this year were high for all species. In some areas the price for pink salmon almost doubled from last years price of 21 cents a pound. The higher prices paid for salmon may more than make up for the smaller harvest. Fish processing workers earned more per week during July because of longer hours worked (Table 8). The average weekly earnings in food and kindred products was up $46 over-the-month and nearly $15 over-the year.

Figure 1
Alaska July Employment, 1980 – 1986



Early in this year's salmon season there was concern Alaska's fish processors would experience labor shortages. An improved national employment picture and news about

Alaska's poor economy discouraged job seekers from coming to Alaska. Canneries were particularly concerned because college students and other summer laborers were not showing up in their traditionally large numbers. Labor shortages in Bristol Bay, Valdez and the Kenai Peninsula did develop, but in many cases they proved to be temporary bottlenecks. The process of finding the necessary work force was eased somewhat when it became apparent to job seekers that fewer employment opportunities existed in other industries. The Alaska Department of Labor, working closely with many fish processors, helped overcome the labor shortages by actively recruiting workers for the industry. An example of this was the successful recruitment of cannery workers from Alaska's Interior communities.

Due to improving mineral prices, **hard rock mining** has become one of the few niches of the economy which is posting strong growth. Employment grew by over 200 over-the-year. A sizable percentage of this came from the development of Greens Creek on Admiralty Island in Southeast and the Red Dog deposit in the newly formed Northwest Arctic Borough. Drilling activity has begun again at the Grant Mine (gold) in Fairbanks which had been closed since January 1986. Evaluation and development of already discovered deposits has also begun this year on numerous other sites throughout the state.

The **timber and paper products** employment was flat over-the-month although it continues to register over-the-year growth. The timber industry received an additional shot in the arm recently, when Koncor negotiated a contract with the Chinese for logs on Afognak Island. It will still take years before timber related employment equals the peak levels in the early 1970s.

Alaska's **visitor industry** is getting mixed reviews for the 1987 season. Employment levels in industries tourism most heavily impacts such as hotels and motels, transportation and eating and drinking establishments all are showing losses compared to year-ago levels. Airport and border traffic counts are also down. On the other hand some areas are reporting larger numbers of visitors. Denali National Park reports that its visitors counts are up by 9.8% and the number of cruise ship arrivals has also increased.

Table 1
Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

	p/ 7/87	r/ 6/87	7/86	Changes From: 6/87	7/86
Nonag. Wage & Salary	226,000	219,300	237,900	6,700	-11,900
Mining	8,300	8,200	9,000	100	-700
Construction	14,200	13,400	15,800	800	-1,600
Manufacturing	21,900	15,100	21,600	6,800	300
Food & Kindred Prod.	15,500	8,800	15,200	6,700	300
Lumber & Paper Prod.	3,200	3,200	3,000	0	200
All Other Mfg.	3,200	3,100	3,400	100	-200
Trans. Comm. & Utilities	19,000	18,800	19,500	200	-500
Trucking & Whseing.	2,400	2,100	2,400	300	0
Water Transportation	1,300	1,300	1,600	0	-300
Air Transportation	5,900	5,900	5,800	0	100
Other Trans. Comm. & Utilities	9,400	9,500	9,700	-100	-300
Trade	43,800	43,200	46,200	600	-2,400
Wholesale	7,700	7,700	8,500	0	-800
Retail	36,100	35,500	37,700	600	-1,600
Gen. Mer. & Apparel	5,400	5,300	5,500	100	-100
Food Stores	6,100	6,200	6,300	-100	-200
Eating & Drinking Pl.	13,600	13,300	14,000	300	-400
Other Retail Trade	11,000	10,700	11,900	300	-900
Finance-Ins. & R.E.	11,900	12,000	13,000	-100	-1,100
Services & Misc.	43,400	43,400	46,700	0	-3,300
Government	63,500	65,200	66,100	-1,700	-2,600
Federal	19,000	18,900	18,500	100	500
State	18,100	18,300	20,600	-200	-2,500
Local	26,400	28,000	27,000	-1,600	-600

Prepared in cooperation with the U.S. Burea of Labor Statistics. Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1986.

p/ Denotes Preliminary Estimates.
r/ Denotes Revised Estimates.

Some of this discrepancy could be attributable to the type of visitor arriving in Alaska in 1987. The visitor who arrives in Alaska to do strictly business and the visitors who mix business with pleasure have declined measurably over the past year because of the decline in economic activity. According to the Alaska Division of Tourism they represent 29% of all visitors to the state. As a commercial center of the state, Anchorage has felt the brunt of the decline of this type of visitors. According to the Anchorage Convention and Visitors Bureau, more than 50% of Anchorage's visitors are either business visitors or they combine business with pleasure. The visitors who come to visit relatives have surely fallen because there are fewer residents today.

In contrast to the decline in business visitors, the number of vacationers seems to be holding steady or perhaps growing. This may explain why there are such mixed signals in this industry today.

The Rest of the Economy

The remainder of Alaska's economy is still experiencing hefty losses compared to July 1986 activity. **Construction** and oil employment remains unchanged from past months. Construction employment losses continue to moderate compared to last year's declines. July's employment was down 10% and the cumulative value of construction activity was down 44%. According to the Dodge Report, through July 1987 Alaska has suffered the largest percentage

Table 2
Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	p/ 7/87	r/ 6/87	7/86	Changes From: 6/87	7/86
Nonag. Wage & Salary	106,450	105,800	112,400	650	-5,950
Mining	3,300	3,400	3,550	-100	-250
Construction	7,750	7,600	8,500	150	-750
Manufacturing	3,750	2,900	3,650	850	100
Food & Kindred Prod.	1,850	1,000	1,700	850	150
Other Mfg.	1,900	1,900	1,950	0	-50
Trans. Comm. & Utilities	9,600	9,550	10,050	50	-450
Trucking & Whseing.	1,500	1,500	1,650	0	-150
Water Transportation	300	300	350	0	-50
Air Transportation	3,100	3,000	3,150	100	-50
Other Trans. Comm. & Utilities	4,700	4,750	4,900	-50	-200
Trade	24,950	24,650	26,450	300	-1,500
Wholesale	5,600	5,550	6,300	50	-700
Retail	19,350	19,100	20,150	250	-800
Gen. Merchandise	1,800	1,800	1,850	0	-50
Food Stores	3,050	3,000	3,050	50	0
Eating & Drinking Pl.	7,650	7,550	8,000	100	-350
Other Retail Trade	6,850	6,750	7,250	100	-400
Finance-Ins. & R.E.	7,750	7,800	8,250	-50	-500
Services & Misc.	24,050	24,200	26,000	-150	-1,950
Government	25,300	25,700	25,950	-400	-650
Federal	10,700	10,700	10,350	0	350
State	6,350	6,550	7,000	-200	-650
Local	8,250	8,450	8,600	-200	-350

Table 3
Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

	p/ 7/87	r/ 6/87	7/86	Changes From: 6/87	7/86
Nonag. Wage & Salary	113,150	112,650	119,350	500	-6,200
Mining	3,300	3,400	3,550	100	-250
Construction	8,150	8,000	9,000	150	-850
Manufacturing	3,850	2,950	3,750	900	100
Trans. Comm. & Utilities	10,300	10,250	10,700	50	-400
Trade	26,600	26,300	28,050	300	-1,450
Finance-Ins. & R.E.	8,300	8,350	8,800	-50	-500
Services & Misc.	25,200	25,350	27,350	-150	-2,150
Government	27,450	28,050	28,150	-600	-700

decline in the nation in the number of residential housing permits issued.

The **oil industry** has found some reprieve because of relatively high and stable prices. A flurry of activity in anticipation of production in the Endicott field is helping to boost the industry's employment. The Endicott field, the first offshore arctic oil field to be developed, will be brought on line in November. A labor force of approximately 100 will operate the field. During the past month the industry has winced a bit because spot market prices have softened—clearly illustrating the fact that stable oil prices remain elusive.

Construction and oil's largest declines are behind them, but their past losses impacted the secondary sector of the state in a big way. The secondary sector's declines are led by services and followed by trade. **Finance-insurance and real estate** (FIRE), though a much smaller industry is also sustaining big losses. For trade and FIRE, July's employment has fallen back to 1983 levels. The service sector's employment has withstood the downturn slightly better, sliding back to 1984 levels. Medical services employment, has inched up slightly and is responsible for services moderate overall declines.

The weakness in these industries is also illustrated by their seasonal performance. FIRE's employment fell in July—the first time in eight years that this industry failed to climb in July. The employment gain in services could only be classified as anemic compared to past years.

Instead of cushioning the present decline in the state's economy the **government sector** has exacerbated the situation. During past recessions state and local government provided relief to the economy, but the present recession has embraced government. State and local government declines overwhelmed the federal government over-the-year advances, for a net loss of 2,600 jobs. This trend is likely to continue through the remainder of the year.

The Geographic Employment Picture

Anchorage

Positive economic indicators for Anchorage are difficult to find. Seven of eight major industry categories are on the negative side of the employment ledger. Net employment lost from last July was 5,950. The only industry to post over-the-year employment growth was manufacturing which was boosted into the black in July by the fish processors. Total wage and salary employment for July of 1987 fell to between July 1982 and July 1983 levels. The number of residential building permits fell below any year since 1970 and business bankruptcies climbed 33% above year-ago levels.

Seasonally the picture looks slightly better. Half of the industries posted gains and total employments net gain was 650, which represents a weak seasonal increase.

Anchorage's July unemployment rate of 7.9% represents a seasonal and over-the-year improvement. But like

the statewide employment picture the improvement is not a signal of an improving economy but instead is a phenomenon of out-migration of the unemployed and some dropping out of the labor market. There appears to be a consensus in Anchorage that the bottom of the economy has been reached and by next year Anchorage will begin to climb out of the present recession.

Another one of Anchorage's economic indicators brought mixed news. The Anchorage consumer price index for the first half of the year (January-June) was released and indicated prices measured by the consumer price index for all urban consumers had only increased 0.1%, and the consumer price index for wage earners and clerical workers declined 0.4%. These represented the smallest increases of all 91 cities measured in the country and compares to 3% for the average U.S. city. The small increase in prices on one hand and deflation on the other, is a clear reflection of the economy—in particular the depressed housing market. Housing costs fell 1.4% during the first half of 1987. (For historical information on Anchorage's consumer price index see Cost of Living article this issue.)

Fairbanks

Fairbanks' economic picture though mixed is generally bleak. Employment posted small seasonal increases and a 7% decline over last year. Fairbanks' labor force trends are similar to the state's, showing an improvement in the unemployment rate both seasonally and over-the-year. Mining is the only industry where more people are employed this year than last because of the revival taking place in this industry. Like the statewide picture the secondary industries are feeling the brunt of the losses.

Layoffs were announced by Fairbanks Memorial Hospital, the City of Fairbanks, and possibly the Fairbanks North Star Borough. The significance of these layoffs lies in the fact that all three of these employers were stable in the past.

On a brighter note, it appears Fairbanks' tourism is enjoying a good year. Though incoming border crossings and airport passenger numbers are down in Fairbanks, their percent losses narrowed from double digit levels earlier in the year. In July border crossings were 1% below a year ago while Fairbanks airport passenger counts were 2% below last June. Informal surveys of Fairbanks' tourist industry operators and bed tax collections corroborates the indication that tourism in Fairbanks is holding its own when compared to 1986.

Table 4
Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	p/ 7/87	r/ 6/87	7/86	Changes From: 6/87	7/86
Nonag. Wage & Salary	27,300	27,250	29,350	50	-2,050
Mining	150	150	100	0	50
Construction	1,850	1,750	2,250	100	-400
Manufacturing	700	650	700	50	0
Trans. Comm. & Utilities	2,850	2,850	3,000	0	-150
Trucking & Whseing.	350	400	350	-50	0
Air Transportation	1,050	1,050	1,050	0	0
Other Trans. Comm. & Utilities	1,450	1,400	1,600	50	-150
Trade	5,900	5,900	6,350	0	-450
Wholesale	950	900	1,000	50	-50
Retail	4,950	5,000	5,350	-50	-400
Gen. Mer. & Apparel	550	500	550	50	0
Food Stores	700	700	750	0	-50
Other Retail Trade	3,700	3,800	4,050	-100	-350
Finance-Ins. & R.E.	1,000	1,050	1,150	-50	-150
Services & Misc.	6,050	5,900	6,450	150	-400
Government	8,800	9,000	9,350	-200	-550
Federal	3,100	3,100	3,000	0	100
State	3,300	3,400	3,750	-100	-450
Local	2,400	2,500	2,600	-100	-200

Table 5
Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	p/ 7/87	r/ 6/87	7/86	Changes From: 6/87	7/86
Nonag. Wage & Salary	31,400	31,450	34,200	-50	-2,800
Mining	300	300	250	0	50
Construction	2,100	1,950	2,500	150	-400
Manufacturing	700	650	700	50	0
Trans. Comm. & Utilities	3,250	3,200	3,350	50	-100
Trade	6,300	6,350	6,800	-50	-500
Finance-Ins. & R.E.	1,100	1,100	1,250	0	-150
Services & Misc.	6,700	6,500	7,100	200	-400
Government	10,950	11,400	12,250	-450	-1,300

Construction is still suffering losses, but its biggest declines occurred last year. The construction projects on Fort Wainwright have not yet kicked in enough new activity to push this year's levels above 1986, because many of them are just beginning to get off the ground. By the end of the year the military related construction activity may push 1987 ahead of 1986.

According to the latest counts (July)

Table 6
Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	p/ 7/87	r/ 6/87	7/86	Changes From: 6/87	7/86
Nonag. Wage & Salary	30,850	29,350	32,250	1,500	-1,400
Construction	1,150	1,100	1,400	50	-250
Manufacturing	5,200	4,300	5,250	900	-50
Food & Kindred Prod.	2,000	1,150	2,200	850	-200
Lumber & Paper Prod.	3,000	2,950	2,850	50	150
All Other Mfg.	200	200	200	0	0
Trans. Comm. & Utilities	2,500	2,500	2,550	0	-50
Trade	4,900	4,700	4,950	200	-50
Wholesale	400	400	350	0	50
Retail	4,500	4,300	4,600	200	-100
Finance-Ins. & R.E.	1,200	1,200	1,300	0	-100
Mining, Services & Misc.	4,600	4,500	4,750	100	-150
Government	11,300	11,050	12,050	250	-750
Federal	2,200	2,200	2,250	0	-50
State	5,050	5,000	5,500	50	-450
Local	4,050	3,850	4,300	200	-250

from the Alaska Department of Labor's demographics unit, the uniformed military population of Fort Wainwright has climbed by 570 over last year. No economic indicator has picked up the additional activity these extra soldiers have created yet. However, any positive impact the additional troops are having may be hidden by Fairbanks' general downturn. It may be a while before they have a measurable affect on Fairbanks' present economic situation.

Gulf Coast

With a few exceptions, economic conditions in the Gulf Coast mirror the statewide picture. The Kenai Peninsula has been feeling the same declines experienced elsewhere in the state. Valdez has also been feeling the pinch, but Kodiak remains an aberration, growing amidst the state's general decline. Cordova on the other hand appears to be holding steady.

Table 7
Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

	p/ 7/87	r/ 6/87	7/86	Changes From: 6/87	7/86
Nonag. Wage & Salary	24,150	20,800	24,900	3,350	-750
Mining	900	850	900	50	0
Construction	1,150	1,050	1,450	100	-300
Manufacturing	7,650	4,100	7,450	3,550	200
Food & Kindred Prod.	7,050	3,500	6,800	3,550	250
All Other Mfg.	600	600	650	0	-50
Trans. Comm. & Utilities	1,400	1,450	1,400	-50	0
Trade	3,850	3,850	3,950	0	-100
Wholesale	650	650	650	0	0
Retail	3,200	3,200	3,300	0	-100
Finance-Ins. & R.E.	650	650	700	0	-50
Services & Misc.	3,600	3,600	3,650	0	-50
Government	4,950	5,250	5,400	-300	-450
Federal	700	650	650	50	50
State	1,500	1,550	1,700	-50	-200
Local	2,750	3,050	3,050	-300	-300

Seasonally, the Gulf Coast's economy did enjoy strong gains which translated into low unemployment rates in Kodiak (4.5%) and Valdez-Cordova (6.5%). The salmon season was largely responsible for these low rates. Fish processing employment doubled in July, from 3500 in June to 7050 in July. Upper Cook Inlet's record catch helped offset Lower Cook Inlet's poor season and Kodiak's smaller salmon catch was supplemented by an active bottomfishery. Cordova, like Upper Cook Inlet, enjoyed an exceptionally good catch. The higher prices paid for salmon will inject needed income into the region particularly the Kenai Peninsula.

The Kenai Peninsula's poor economic performance has continued into 1987. Employment is still falling, unemployment remains high (13.6%), housing building permits are falling to record lows, and sales taxes for the first part of the year are off more than 20%. The Kenai-Soldotna and Homer areas have been hardest hit. Seward's picture looks better because of the prison construction and a good tourist season. Most of the Kenai Peninsula is not likely to recover until the remainder of the state does.

Southeast

Southeast enjoyed a relatively strong seasonal increase in July. Fishing and tourism were the major contributors. A corresponding decline in the unemployment rate accompanied the seasonal upswing. (From 9.0% in June to 8.1% in July.)

Juneau's economy is suffering from the state governments response to lower oil revenues, but other communities in Southeast appear to be performing better. The remainder of Southeast is more closely tied to the fortunes of the fishing and lumber and pulp industries and not government. Though the southern part of the Southeast salmon fishery has been very poor this year, the northern half has had a good year, and lumber and pulp grew both seasonally and over-the-year. Tourism has also been reported to be more than holding its own in Southeast. Its closer proximity to lower 48 markets and additional efforts to promote the region may explain the areas good year.

Table 8
Alaska Hours and Earnings for Selected Industries [1] [2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	P/ 7/87	R/ 6/87	7/86	P/ 7/87	R/ 6/87	7/86	P/ 7/87	R/ 6/87	7/86
Mining	1,162.01	1,135.23	1,123.87	50.5	49.9	52.2	23.01	22.75	21.53
Construction	1,031.35	1,021.24	1,080.20	42.6	42.2	44.0	24.21	24.20	24.55
Manufacturing	442.83	468.15	456.23	45.7	42.1	43.7	9.69	11.12	10.44
Food & Kindred Prod	387.18	340.31	372.61	47.8	41.3	44.2	8.10	8.24	8.43
Lumber & Paper Prod	579.67	694.45	686.65	38.8	45.3	44.3	14.94	15.33	15.50
Trans., Comm. & Utilities	577.18	544.52	582.38	36.6	35.8	37.0	15.77	15.21	15.74
Trade	363.29	364.36	371.18	34.5	33.8	33.5	10.53	10.78	11.08
Wholesale	476.53	511.36	501.35	36.6	37.6	37.0	13.02	13.60	13.55
Retail	324.82	314.28	323.93	33.8	32.5	32.2	9.61	9.67	10.06
Finance Ins. & R.E.	378.35	375.06	394.91	32.9	32.9	34.4	11.50	11.40	11.48

Benchmark March 1986

[1] Prepared in cooperation with the Bureau of Labor Statistics US Department of Labor
[2] Excludes eating and drinking establishments

AVERAGE HOURS AND EARNINGS SERIES: Averages are based on data for full and part time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours

Table 9
Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 7/87	R/ 6/87	7/86	P/ 7/87	R/ 6/87	7/86	P/ 7/87	R/ 6/87	7/86	P/ 7/87	R/ 6/87	7/86
Alaska Statewide	265,287	262,884	276,933	25,796	29,290	28,274	9.7	11.1	10.2	239,491	233,594	248,659
Anch./MatSu Region	136,174	137,719	142,782	12,343	13,518	13,855	9.1	9.8	9.7	123,831	124,201	128,927
Anchorage Borough	120,250	120,885	125,948	9,456	10,430	10,813	7.9	8.6	8.6	110,794	110,455	115,135
MatSu Borough	15,924	16,834	16,834	2,887	3,088	3,042	18.1	18.3	18.1	13,037	13,746	13,792
Gulf Coast Region	32,662	29,161	33,235	3,399	3,822	3,646	10.4	13.1	11.0	29,263	25,339	29,589
Kenai Peninsula Bor.	20,204	18,036	20,452	2,744	2,917	2,997	13.6	16.2	14.5	17,460	15,119	17,655
Kodiak Island Bor.	7,633	6,822	7,752	341	508	378	4.5	7.4	4.9	7,292	6,314	7,373
Valdez-Cordova	4,825	4,303	4,831	314	397	270	6.5	9.2	5.6	4,511	3,906	4,561
Interior Region	39,403	40,659	42,125	5,091	6,060	5,461	12.9	14.9	13.0	34,312	34,599	36,664
Fairbanks North Star Br.	34,028	34,972	36,584	4,235	4,930	4,748	12.4	14.1	13.0	29,793	30,042	31,836
Southeast Fairbanks	2,291	2,386	2,406	291	369	269	12.7	15.5	11.2	2,000	2,017	2,137
Yukon Koyukuk	3,084	3,301	3,135	565	761	444	18.3	23.1	14.2	2,519	2,540	2,691
Northern Region	8,127	8,291	8,408	1,072	1,333	1,129	13.2	16.1	13.4	7,055	6,958	7,279
Nome	3,136	3,208	3,249	456	565	483	14.5	17.6	14.9	2,680	2,643	2,766
North Slope Borough	2,792	2,810	2,888	186	250	210	6.7	8.9	7.3	2,606	2,560	2,678
Northwest Arctic Bor.	2,209	2,273	2,271	430	518	436	19.5	22.8	19.2	1,779	1,755	1,835
Southeast Region	35,635	34,491	35,764	2,881	3,104	3,086	8.1	9.0	8.4	32,754	31,387	32,678
Haines Borough	978	949	978	93	101	68	9.5	10.6	7.0	885	848	910
Juneau Borough	15,711	14,961	16,234	1,195	1,051	1,319	7.6	7.0	8.1	14,516	13,910	14,925
Ketchikan Gateway Br.	7,115	7,015	7,418	917	693	634	12.9	9.9	8.5	6,198	6,322	6,784
Pr. of Wales/Outer Ketch.	2,531	2,516	2,609	296	374	311	11.7	14.9	11.9	2,235	2,142	2,298
Sitka Borough	4,233	4,068	4,134	321	329	312	7.6	8.1	7.5	3,912	3,739	4,012
Skagway-Yakutat-Angoon	1,468	1,412	1,469	187	169	208	12.7	12.0	14.2	1,281	1,243	1,261
Wrangell-Petersburg	3,469	3,470	3,542	272	287	234	7.8	8.3	6.6	3,207	3,083	3,308
Southwest Region	13,286	12,561	13,619	1,310	1,483	1,097	9.9	11.8	8.1	12,276	11,110	12,522
Aleutian Islands	3,375	3,318	3,354	96	151	115	2.8	4.8	3.3	3,279	2,967	3,344
Bethel	9,444	9,145	9,965	1,214	1,332	982	12.9	14.3	10.8	8,230	7,842	8,869
Bristol Bay Borough	467	97	293	15	29	22	3.2	6.4	4.4	452	423	477
Dillingham	2,260	2,209	2,347	104	243	133	4.6	11.0	5.7	2,156	1,966	2,214
Wade Hampton	1,702	1,640	1,745	216	294	227	12.7	17.9	13.0	1,486	1,346	1,518

P Preliminary R Revised 486 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS), in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates in any given month are as likely to be high as low relative to surrounding months as they are low. The official definitions of unemployment currently in place exclude anyone who has made no attempt to find work in the four weeks period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's rural localities have proportionately more of these discouraged workers.

ALASKA ECONOMIC TRENDS
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